



**United States Department of Agriculture  
Rural Development  
State Office**

February 22, 2005

SUBJECT: Wisconsin Rural Development Guaranteed Rural Housing (GRH) Update

TO: Approved GRH Lenders and Originators

Following is important information regarding the funding status and program delivery of Wisconsin's GRH loan program. Please distribute this information to all of your branch offices, correspondent banks, or mortgage originators that originate GRH loans in Wisconsin.

**GRH FISCAL YEAR 2005 FUNDING STATUS**

For Fiscal Year 2005, an appropriation of over \$3 billion will be available for purchase loans, and \$225 million for refinance loans. Fiscal year to date, Wisconsin has obligated 261 GRH loans for a total of \$26.4 million. **At this time, requests for reservations of loan funds are not needed.** We expect that the reservation of funds process will be reinstated later this fiscal year.

**UPDATES TO ORIGINATION AND SERVICING HANDBOOKS**

The "What's New?" link on the GRH Loan Origination and Servicing Handbook page will soon be updated to include a copy of the Administrative Notices (AN) referred to in this Lender Memo. The GRH Originator Handbook is also being updated with links to Freddie Mac's Credit Smart Homebuyer Education Program and Fannie Mae's Historical Net Yields data. New GRH program information can be accessed at this link for viewing instead of attaching multiple documents to this correspondence. The internet address for this page is:

<http://www.rurdev.usda.gov/wi/programs/rhs/grh/handbook/new.htm>

**UNDERWRITING ANs REISSUED**

On December 2, 2004 RD ANs 4026 and 4027 were issued to replace RD ANs 3902 and 3912. These ANs explain the eligibility and methodology of using the GRH loan program to refinance existing GRH loans or Direct 502 loans.

On January 18, 2005 RD AN 4042 was issued to replace RD AN 3913. This AN explains the documentation need to verify the eligibility of non-U.S. citizens for the GRH loan program. RD AN 4042 substantially restates the guidance on this topic given to lenders through RD AN 3913, but also provides new information about passport stamps indicating aliens are lawfully admitted for permanent residence in the "Implementation Responsibilities" section.

4949 Kirschling Court • Stevens Point, WI 54481  
Phone: (866) GRH-3600 • Fax: (715) 345-7699 • TDD: (715) 345-7614 • Web: <http://www.rurdev.usda.gov/wi>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

## LOSS MITIGATION AN REISSUED

On November 30, 2004 RD AN 4025 was issued to replace RD AN 3877. This AN explains the loss mitigation options available to lenders and the situations in which each option may be appropriate. Lenders are encouraged to use this AN as a reference when considering loss mitigation measures for their GRH borrowers.

## GRH FEE CALCULATOR

An EXCEL spreadsheet has been developed by our National Office to assist lenders in calculating the guarantee fee and proposed loan amount in light of the recent changes to the guarantee fee and LTV limitations in the GRH program. The spreadsheet allows you calculate your loan amount assuming the financing of all or part of the guarantee fee.

The GRH Fee Calculator will soon be available in the “What’s New?” folder at the GRH Loan Origination and Servicing Handbook website. The internet address for this folder is:

<http://www.rurdev.usda.gov/wi/programs/rhs/grh/handbook/new.htm>

## FANNIE MAE RATE VERIFICATION

Due to recent changes, lenders who do not have an ID and password can no longer access the current Fannie Mae rate from their website. Historical Fannie Mae rate can be obtained without the ID and password from the following website:

[http://www.efanniemae.com/singlefamily/reference\\_tools/net\\_yields/db\\_rate\\_chart.jhtml](http://www.efanniemae.com/singlefamily/reference_tools/net_yields/db_rate_chart.jhtml)

Lenders may elect to establish their current Fannie Mae rate for GRH loans based on the previous business day’s Fannie Mae rate from this web site. The GRH Originator Handbook is being updated with this link and information on how to identify the correct rate

If you have any questions regarding this last Lender Memo, call 1-866-GRH-3600 and ask for a Guaranteed Housing Specialist.

*/S/ Debbie Biga for*

PETER G. KOHNEN  
Housing Program Director

PGK: pjb